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13 JUL 1960

DDS 60-2706

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MEMORANDUM FOR: Deputy Director (Plans)
THROUGH : Deputy Director (Support) *1512KW* 14 JUL 1960
SUBJECT : Health Insurance Plan for Contract Employees
REFERENCE : Memo to DD/S & DD/P fr D/Pers dtd 8 June 60,
same subject

1. Reference memorandum proposed that a health insurance program comparable to that authorized appointed employees be made available for certain contract employees of the Agency. The proposal specifically limited eligibility to contract employees who are U. S. citizens or resident aliens and whose employment relationship to the Agency is essentially comparable to that of appointed employees.

2. Although you favored the proposal, you qualified your endorsement with a memorandum indicating that you believe the eligibility limitations of the program might be too stringent. In illustration you expressed the view that the Agency should develop a class of "alien principal agents" to whom we should give a status close to that of staff agents. Specifically you contemplated career employment and a suitable program of financial and other benefits which would foster a long-term, highly motivated relationship.

3. I hasten to endorse your views. My purposes in being so definitely specific and limiting in the proposed plan were two:

a. The particular contract with the insurance underwriter is limited to persons who are citizens or resident aliens of the United States.

b. It was feared that debate and discussion regarding a broader application might seriously and unwisely delay the adoption of the program for that large group of contract employees whose status is quite similar to that of the appointed employees.

You will note that paragraph 5 of the basic proposal specifically states that "although this proposal is limited to contract employees whose employment relationship to the Agency is essentially comparable to that of appointed employees, the basic commercial insurance contract could be extended under other appropriate authorizations to certain contract agents or other contract employees as deemed warranted."

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SUBJECT: Health Insurance Plan for Contract Employees

4. In response to your implied future requirements, the Office of Personnel will continue to offer its full assistance in the development of any health insurance, retirement or other benefit program you may wish for either contract employees or agent types. We believe it is perfectly feasible to develop programs of this type which will neither compromise the identity of the individual nor result in the establishment of complex and non-terminable administrative relationships.

/s/ Emmett D. Echols

Emmett D. Echols
Director of Personnel

cc: O/GC

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